

Congress of the United States
Washington, DC 20515

May 5, 2010

The Honorable Sander Levin
Chairman, House Ways & Means Committee
1102 Longworth House Office Building
Washington, D.C. 20515

The Honorable David Camp
Ranking Member, House Ways & Means
Committee
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Levin and Ranking Member Camp,

As members of the House of Representatives Sustainable Energy & Environment Coalition (SEEC) we strongly believe that the United States must take decisive actions to allow American innovators, entrepreneurs, and manufacturers to compete in the growing and increasingly competitive clean energy industries. By investing in energy efficiency and renewable energy we will be able to create millions of American clean energy jobs, revitalize domestic industries, and set our nation on the path to a more secure and sustainable energy future.

As your Committee considers legislation to provide targeted support for production of American energy resources, we urge you to support policies that will spur investments in clean, home-grown energy that will provide clean energy jobs for Americans. We feel that these investments should be paid for, and support the President's proposal to repeal expensive and unnecessary oil and gas subsidies. In addition, in order to keep the cost of the bill down, we urge you to oppose extension of tax incentives for outdated, carbon-intensive energy resources and heavy-polluting industries.

Specifically, we support the extension of the **Advanced Energy Manufacturing Investment Tax Credit (ITC)** which was established in the *American Recovery and Reinvestment Act* and helped to grow domestic manufacturing of clean energy technologies. This tax credit was heavily oversubscribed and its extension will allow more facilities to come on line; creating more jobs and growing domestic manufacturing of these technologies.

We support the extension of the **Renewable Energy Production Tax Credit (PTC)** (currently administered by the Treasury Department as grants-in-lieu of tax credits). Economists have credited this program with having a significant role in sustaining the domestic clean energy industries during a time of economic recession and constrained capital, and creating over 100,000 jobs across the sector. Today a lack of capital persists and extending this incentive will help to drive American leadership in these industries.

We support the **expansion of the Combined Heat and Power (CHP) Tax Credit** by increasing the size of systems that qualify, increasing the level of incentives for systems that are highly efficient, and allowing waste energy recovery systems- which generate power by capturing excess wasted heat- to qualify as well. Although the energy savings from CHP can be substantial, significant up-front capital costs are a barrier to deploying these systems; an issue that this tax credit would help to allay.

We support the **addition of manufacturing equipment for renewable energy technology to the list of qualified property under the Sec 48 Commercial Investment Tax Credit (ITC)**, allowing for a 30 percent credit for investments in equipment manufacturing placed in service before January 1, 2017. It is important that we put into place strong incentives to ensure that clean energy jobs are grown in American manufacturing.

We support the **creation of residential energy efficiency tax credit bonds (and other financing mechanisms) to support state and local residential energy efficiency programs** like property assessed clean energy financing, revolving loans, and others. Tax credit bonds will allow states to give low interest loans to homeowners to finance home energy efficiency retrofits. The bonds provide an attractive financing mechanism to promote efficiency, particularly at a time when access to capital is constrained. Unlike federal grants, the money lent is repaid.

We support **the Clean Renewable Energy Bonds Program (CREBs)**, which was created to be the equivalent of the PTC to ensuring that consumer-owned utilities can deploy renewable energy, and which is fully subscribed. This program was intended to provide an incentive for public and co-operative power utilities consistent with the PTC credit that is available to private utilities. However, because of the limited volume cap, CREBs has failed to be a comparable incentive. Uncapping this program would bring parity to the two programs.

We support the **extension of the current Cellulosic Biofuel Tax Credit and recognizing algae-biofuel feedstock in the definition**. Extending this credit will grow jobs and better allow these technologies to be a part of our clean energy future. Currently, algae-based biofuels are not recognized for a credit in our tax code due to a misalignment in the definition of 'cellulosic biofuel'. Expanding this current definition to include algae-based biofuels will enable producers to ramp up production of an important domestic energy technology.

We support **increasing incentives for battery capacity in the Electric Vehicle Tax Credit, and extending the Electric Vehicle Infrastructure Tax Credit**. The size of the former credit is based on the energy capacity of the battery pack, and many passenger cars are effectively limited to applying the credit to only the first 12 kWh of capacity. As some battery designs now have greater capacity, they are not able to benefit from a full credit because they reach the ceiling. We encourage the committee to raise the limits as to how much each weight class of vehicle can be credited. As well, we urge the committee to extend the Electric Vehicle Infrastructure Tax Credit. These incentives will help overcome technological barriers that will transform our transportation sector from one that is dependent on oil to one that will be powered by electrons generated by renewables.

We support the **temporary expansion of the Residential and Small Commercial ITC** to 50 percent in 2011 and 2012 for residential and small commercial solar systems of less than 20 kilowatts (kW). This expanded policy is estimated to allow for the installment of an additional 1,000 megawatts (MW) of solar electric capacity and could generate between \$6 and \$7 billion in additional investment in critical solar energy technologies.

We support **inclusion of marine hydrokinetic equipment as eligible for the Accelerated Depreciation tax benefit**, which would allow marine hydrokinetic projects to accelerate the depreciation of their project costs over five years like many other renewable energy projects.

This will leverage private investments in projects as well as enhance economic returns for developers; creating important engineering and manufacturing jobs.

We support the **creation of a Mechanical Insulation Installation Tax Credit to provide facility owners an incentive to increase the use of mechanical insulation**- increasing energy efficiency and decreasing greenhouse gas emissions. This initiative will support thousands of jobs for skilled craft personnel to install and maintain insulation systems, as well as additional jobs in technical engineering, domestic manufacturing, and related sectors.

We support the **extension of the Biodiesel Income and Excise Tax Credits** to support production of fuels produced in America. Without these extensions many small biodiesel refineries will continue to lay off workers or shut down.

We support the **extension and expansion of the current tax credit for residential biomass stoves**. Expanding the credit and allowing it to be claimed for stoves, boilers and furnaces would provide a real incentive for American families to switch to clean energy for heat and hot water.

We support the **creation of a Renewable Energy Integration Tax Credit** to incentivize utilities to increase their renewable portfolio by offsetting the costs of integrating wind and solar resources. This credit would drive the growth of domestic clean energy industries.

We support the **expansion of the existing Efficient Commercial Building Tax Deduction** to update the standards and allow for larger deductions for expenses incurred in the development of energy efficient commercial buildings. Making this credit more effective would better increase building efficiency.

We support **revising and expanding tax incentives for fuel cell and hydrogen refueling property**. We urge the Committee to correct the current component-by-component approach to calculating the credit, to expand the refueling property credit to include certain motor vehicles designed for carrying or towing loads, and to clarify the term "location" to include multiple refueling stations at a single address, in certain instances. These changes will help to advance domestic innovation and commercialization of this technology.

Also, we wish to **protect investments in innovation**, and are concerned about the inclusion of language in the *Tax Extenders Act* that would alter the way 'carried interests' are taxed for the stakeholders who are responsible for the health of our clean energy start-up community. At a time of relative illiquidity in the marketplace, we hope to work with the Committee to ensure that the policies we set forth will support investments in America's innovative clean energy companies. Venture capital investments will continue help to back the innovation that will lead our country to economic prosperity.


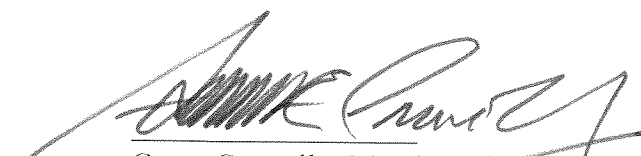

Finally, we urge that these important proposals be paid for, and urge the Committee to support **President Obama's proposals to repeal tax cuts for large oil and gas companies, and reinstate the Superfund Taxes**. These oil and gas credits are wasteful, and we feel that the federal government should discontinue unnecessary support of dirty energy resources and instead invest in clean, homegrown American energy production. Superfund Taxes on polluters once supported the clean-up of our nation's most hazardous waste sites, and their reinstatement would

not unduly burden those industries while at the same time affording the federal government much-needed revenue for clean-up of our nation's most hazardous waste sites. Reinstating these taxes could also offset the cost of increased tax incentives for clean energy.

We thank you for your consideration of this letter, and we hope to work with you to set the policies that will drive investments in domestic clean energy innovation and manufacturing, balance our dependence on foreign oil, and usher in a prosperous, independent new American energy economy.

Sincerely,

The Members of the Sustainable Energy and Environment Coalition

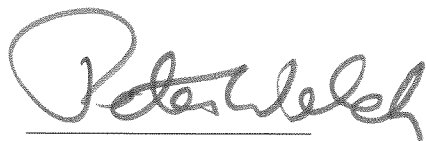

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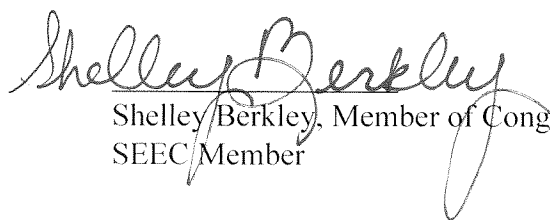
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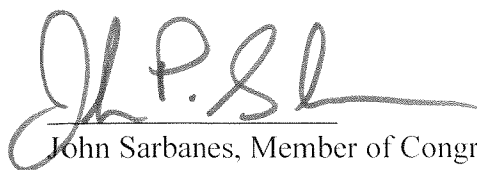
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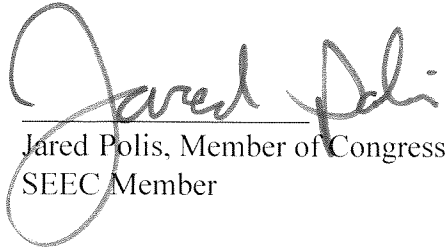
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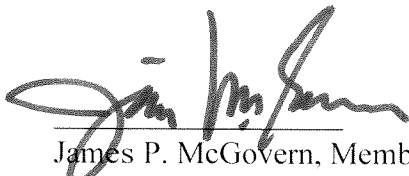
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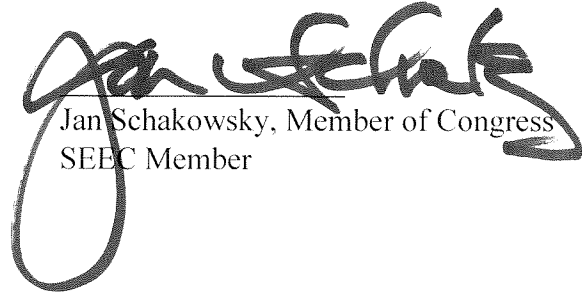
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